CONTRACT OF BYPASS CONSTRUCTION AT KM 126+922

Concluded on 4/August, 2023, in Novi Sad, between:

1. **CHINA CIVIL ENGINEERING CONSTRUCTION CORPORATION BALKAN OGRANAK BEOGRAD** (abbreviated: CCECC Balkan) from Belgrade-Zemun, Address: Batajnički drum 3. deo 6a, Registration No.: 29507031, Tax ID: 109874997, represented by the Representative of the branch of the foreign citizen CHEN, Zhongzheng, Passport No.: PE2146197 from the People's Republic of China (hereinafter: **Contractor**) on the one side.

&

2. **ŽELJKO KARAN PR, SZTR MŽ-KARAN VETERNIK** (abbreviated: Mž-Karan VETERNIK) from Veternik, Address: Poenkareova 12, 21203, Registration No.: 55914958, Tax ID: 102735805, represented by the Director Željko Karan, ID: 2102961381007, from Republic of Serbia and foreman Miroslav Karan ID: 1808990381004 (hereinafter: **Subcontractor**) on the another side.

Together designated as the **Contracting Parties**.

The Contract was concluded in the manner and according to the conditions as follows:

The Subject of the Contract

Article 1

1.1 The subject of this Contract is bypass construction at Km126+922, with purchase ,installation and dismantling , on part of the railway section Novi Sad – Vrbas, according to the design drawing and specifications demand by the requirement.

1.2 Everything is in accordance with the valid regulations, technical norms and mandatory standards that apply to this type of work, the valid project for drainage for underpass and overpass according to the Subcontractor's Offer No. Ponuda br No. 21/2023 dated 10.07.2023, which forms an integral part of this contract.

1.3 Business cooperation will begin after the signing of the contract and will end after the completion of the works and obtaining good test results.

The Obligations of the Contracting Parties

Article 2

2.1 The **Subcontractor** is obliged to:

1) perform work in all respects according to: valid legal regulations, valid technical regulations, norms and standards, generally accepted rules of the profession and the standard of care of a good businessman and according to the provisions of this contract and its eventual amendments and additions (annex) and the valid relocation project provided by the Contractor;

2) perform works according to the submitted technical documentation and in accordance with regulations, standards, including accessibility standards, technical norms and quality standards that apply to certain types of works;

3) perform the works that are the subject of this Contract with its personnel potential, its machinery, as well as other means of work.

4) organize the construction site in such a way as to ensure access to the location, protection of the environment for the duration of the works;
5) provide proof of the quality of the works performed, including the materials;
6) keep a Construction Diary, a construction book and ensures the inspection book;
7) provide and submit a decision on the determination of the responsible contractor at the construction site.
8) undertake to perform all the necessary actions and provide all the necessary services in the name of the performance of the contracted work within the framework of the performance of the works described in the Contract, including: submission of the construction plan according to the construction drawings, contacting the Holder of the Public Authorities, ensuring and covering material applied satisfied the specification, complete all related construction works to complete the handover and obtain approval from Owner.
9) Remove the bypass and restore the original landform after the culvert completed. Subcontractor should carefully dismantling the pipe and purchased pipe belong to the contractor.

2.2 The **Contractor** is obliged to:
1) enable the Subcontractor to access the construction site after starting the work in order to start the execution of the works;
2) inform the Subcontractor immediately about changes and additions to the approved investment-technical documentation during the execution of works.
3) deliver to the Subcontractor all necessary technical documentation for the execution of the works;
4) makes regular payments to the Subcontractor timely, in accordance with the contract;
5) ensure permanent supervision of the works that are the subject of the contract;
6) notify the Subcontractor of all information related to the works;
7) act timely on the remarks of the Subcontractor, which refer both to the performance of the works itself and to the observed remarks in the technical documentation.

The Value and the Price Determination

Article 3

3.1 The agreed value is a fixed amount, which is the subject of this Agreement, amounts without VAT to 17,151,223.00 RSD (in words: seventeen millions one hundred fifty one thousend two hundred twenty three point twenty-Serbian dinars only) for the performance of works on part of the railway section Novi Sad - Subotica, drainage works based on Subcontractor's Offers No. 21/2023 dated 10.07.2023 discount of 3%. in accordance with the Special Regulations on Construction.
3.2 This is a lump sum contract, and each interim payment will be paid when the supervisor accept the completed works and payment will be within 30 days after received the official invoice then acceptable by both parties.
3.3 The price excluding the dewater water cost, if excavation meet the ground water, both parties shall negotiate the dewater price and sign annex.

Term and Method of the Payment

Article 4

4.1 The contractor will make an advance payment to the contractor's account in amount of 30% of the contract price, within 3 days of signing the contract and subcontractor shall provide a promissory

note as a guarantee for the refund of the advance payment 30% to contractor immediately after signing the contractor.

4.2 The contractor shall pay the executed works through verification interim payment certificates according to each Month completed the works, deducted by:

1) 40 % for the refund of the advance payment until the full advance payment is justified, after which the Contractor receives the full amount for the completed works;

2) 5% on behalf of the retention money; when the new culvert completed and the by pass dismantling at the site, retention money shall be released as soon as possible.

The Deadline for the Execution of the Works

Article 5

5.1 The subcontractor is obligate to complete the construction by pass at mentioned location within 30 days when the subcontractor got the approval method statement from the Supervisor. This deadline shall not be extension in any time.

5.2 The start and end of the works will be recorded in the Construction Diary.

5.3 If any delay incurred of the deadline, subcontractor would be penalized 0.5% of the contract amount per day, total penalty amount not than 5% of the contract amount.

The Duration of the Contract

Article 6

7.1. The Contract ends with legal effect on the day of settlement of all contractual obligations.

The Extension of the Deadlines

Article 7

Inapplicability

The Warranty

Article 8

9.1 The Subcontractor shall insure the by-pass has good condition during the culvert construction period, if defect incurred, subcontractor shall remedy the defect immediately by his own cost unless the defect made by others.

The Handover of The Completed Works

Article 9

10.1 The handover is carried out by means of the record of the handover of the performed works, which is verified by the signature of the Contractor and Subcontractor.

10.2 The Contractor is obliged to schedule the handover of the performed works within 7(letters: seven) days from the date of the Subcontractor's written notification that the works have been completed, after the completion of the works and the written notification to the Subcontractor that the works in question have been completed.

10.3 In the event that the Contractor has objections to the performed works, he will invite the Subcontractor to eliminate the deficiencies within 7 (in letters: seven) days, counting from the day of the written request. After the Subcontractor has eliminated the deficiencies within the specified

period, the Contracting Parties will proceed to sign the Record of Handover of the Performed Works.

The Termination of the Contract

Article 11

11.1 Each contracting party may terminate the Contract only for the reason of non-fulfillment of contractual obligations of the other Contracting Party.

11.2 In the case from the previous paragraph, the Contracting Party that requests the termination of the contract due to non-fulfillment of the contractual obligations of the other Contracting Party, must first call the other Contracting Party to fulfill its contractual obligations and give it a deadline of 10 days to fulfill the contractual obligations.

11.3 If the Contracting Party, which is called upon to fulfill its contractual obligations, does not fulfill its contractual obligations even in the subsequent period, the Contracting Party that requests termination of the contract due to non-fulfillment of contractual obligations will send a statement of termination to the Contracting Party that has not fulfilled its contractual obligations.

11.4 The Contract is considered terminated on the day of receipt of the declaration of termination of the Contract. The contractual party that terminated the contract due to non-fulfillment of the contractual obligations of the other contractual party reserves the right to compensation for damages.

The Transfer and Revision of the Contract

Article 12

12.1 The contracting parties agree that the rights and obligations from this Contract cannot be unilaterally transferred to the other contracting party.

12.2 Any amendment or supplement to this Contract or additional obligation assumed by any of the Contracting Parties in connection with this Contract shall be binding only if it is made in writing and signed by both Contracting Parties.

Clausula Salvatorius

Article 13

13.1 In the event that any provision of this Agreement is held invalid or unenforceable, in whole or in part, all other provisions shall remain in effect and the provision or part of the provision that cannot be enforced shall be severed from this Agreement.

Confidentiality

Article 14

14.1. The Subcontractor undertakes to keep confidential all information obtained during the stay at the Contractor's premises for the purpose of carrying out works in the name of the realization of the contracted business cooperation and the implementation of actions and services performed in order to perform the works described in this Agreement.

The Governing Law and Dispute Resolution

Article 15

15.1 The provisions of the relevant laws in force in the Republic of Serbia, primarily the provisions of the Law on Obligations, shall be applied to everything that is not regulated by this Agreement.

15.2 The Contracting Parties agree to resolve any disputes that may arise during the validity of this Contract through mutual agreement and peaceful means, and if this is not possible, agree to the jurisdiction of the competent court in Belgrade.

The Number of the Specimens

Article 16

16.1 The contract is drawn up in 4 (four) identical copies, of which each contracting party keeps 2 (two) copies for its own needs.

The Language of the Contract

Article 17

17.1 The contract is written bilingually, in Serbian and English. In case of any contradiction, the English version shall prevail.

For the Subcontractor

ŽELJKO KARAN PR,
MZ - KARAN,
VETERNIK, Poenkareova 12

Željko Karan
Director of Mž-Karan

For the Contractor

Xue Hongxi

XUE, Hongxi
Authorized Representative of the Foreign Branch